

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 OMB-01 SS-20 SPC-03 NSC-10

CIAE-00 DODE-00 INR-10 NSAE-00 PA-04 RSC-01 USIA-15

PRS-01 SAM-01 DRC-01 /108 W  
----- 002955

R 121317Z FEB 74

FM AMCONSUL SAO PAULO  
TO SECSTATE WASHDC 4925  
INFO AMEMBASSY BRASILIA  
AMCONSUL RIO DE JANEIRO  
AMCONSUL PORTO ALEGRE

C O N F I D E N T I A L SAO PAULO 0276

E.O. 11652: ADS, DECLAS 2/12/75

TAGS: PINT, BR

SUBJECT: JOST'S REFUSAL TO ACCEPT SENATORIAL CANDIDACY IN RIO  
GRANDE TO TEST PRESIDENT-ELECT GEISEL'S POLITICAL  
ACUMEN

1. THE FIRST POLITICAL TEST FOR PRESIDENT-ELECT GEISEL MAY BE AROUND THE CORNER, EVEN BEFORE HIS INAUGURATION. THE SAO PAULO NEWSPAPERS, VEJA, AND PRESUMABLY THE LEADING DAILIES IN PORTO ALEGRE AND ELSEWHERE, ANNOUNCED THAT THE PRESIDENT-ELECT HAD EXECUTED A POLITICAL MASTERSTROKE DURING HIS RECENT VISIT TO RIO GRANDE DO SUL, BRINGING ABOUT THE WITHDRAWAL OF SENATOR MONDIM'S CANDIDACY FOR REELECTION, APPARENTLY SUBSTITUTING BANK OF BRAZIL PRESIDENT NESTOR JOST (WHO IS CONSIDERED THE ONLY ARENA CANDIDATE LIKELY TO DEFEAT HIS PROSPECTIVE MDB OPPONENT), AND ALLEGEDLY THUS SIMULTANEOUSLY REMOVING AN OBSTACLE FROM SENATOR TARSO DUTRA'S PATH TO THE RIO GRANDE GUBERNATORIAL PALACE. THIS MANEUVER WAS HAILED ON ALL SIDES AS A CLEAR DEMONSTRATION OF THE PRESIDENT-ELECT'S POLITICAL DEXTERITY AND ACUMEN. BUT APPARENTLY NO ONE CONSULTED OR LISTENED TO NESTOR JOST.

2. NESTOR JOST HAS CONFIDED TO HIS GOOD FRIEND LUDVIC POENARU,  
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AN AMERICAN BUSINESSMAN FORMERLY OF RUMANIAN CITIZENSHIP AND

LONG RESIDENT IN SAO PAULO, THAT HE WILL NOT ACCEPT BEING RE-LEGATED TO THE IMPOTENCY OF A SIX-YEAR TERM AS FEDERAL SENATOR. HIS PREFERENCES OR AMBITIONS IN DESCENDING ORDER WERE AND ARE: CHIEF OF THE CIVIL HOUSEHOLD OF PRESIDENT GEISEL, GOVERNOR OF RIO GRANDE DO SUL, AND REMAINING AS PRESIDENT OF THE BANK OF BRAZIL. ALTHOUGH HE GREATLY ADMIRES AND RESPECTS THE PRESIDENT-ELECT, NESTOR JOST'S GAUCHO BACK IS UP AND HE TOLD POENARU HE WOULD NOT ACCEPT DICTATION. POENARU COUNSELED JOST THAT AS A MILITARY MAN USED TO HAVING SUBORDINATES OBEY ORDERS, GEISEL WOULD NEVER FORGIVE HIM FOR TURNING ASIDE THE SENATORIAL CANDIDACY. BESIDES, THE ISSUE WAS PUBLIC AND GEISEL'S POLITICAL PRESTIGE IS NOW ON THE LINE. JOST REFUSED TO BE DISSUADED AND STILL CLINGS TO THE HOPE THAT HE CAN HANG ON TO HIS PRESENT JOB.

3. COMMENT: POENARU, WHO HAS BEEN A GOOD FRIEND OF MINE AND SEVERAL PREDECESSORS AND OTHER U.S. OFFICIALS, CONFIDED THE ABOVE TO ME AT LUNCH. SOMEHOW THE PRESIDENT-ELECT WILL HAVE TO BRING HIS FELLOW GAUCHO TO HEEL OR GEISEL'S POLITICAL PRESTIGE AND HIS IMAGE AS KING MAKER WILL AT LEAST BE OVER SO SLIGHTLY TARNISHED EVEN BEFORE HE ASSUMES OFFICE. THE TASK MAY NOT BE EASY, FOR EVEN IF JOST LEAVES GOVERNMENT FOR PRIVATE EMPLOYMENT, GEISEL REMAINS THE LOSER.  
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